

ANZ-Roy Morgan NZ Consumer Confidence

22 December 2021



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Contact

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See [page 5](#).

The next issue of the ANZ-Roy Morgan Consumer Confidence is scheduled for release on 28 January 2022 at 10am.

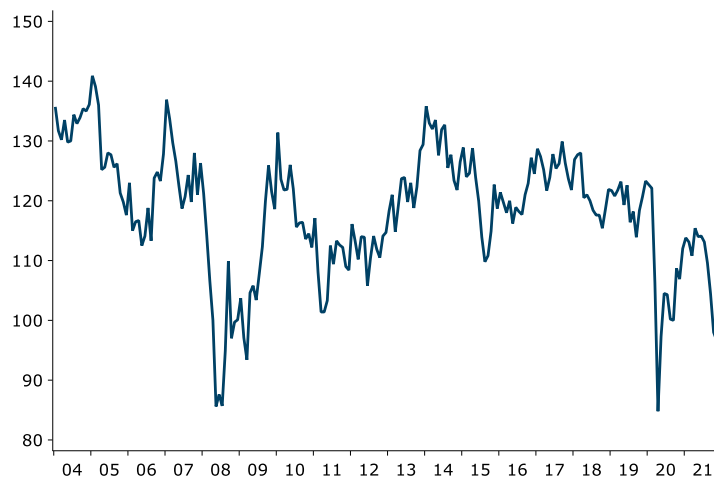
Lowly stable

Key points

- Consumer confidence rose 1 point to 98 in December.
- The proportion of people who believe it is a good time to buy a major household item rose 6 points to 0, after three months in the red.
- Inflation expectations were little changed at 5.6%. House price inflation expectations fell another 0.6%pts to 5.3%.

The ANZ-Roy Morgan Consumer Confidence Index lifted 1 point to 98 in December, remaining well under its long-term average of just shy of 120. But on the plus side, the decline since the middle of the year has been arrested, with the index very stable over the past three months.

Figure 1. ANZ-Roy Morgan Consumer Confidence



Source: Roy Morgan, Macrobond, ANZ Research

Turning to the detail:

- Perceptions of current personal financial situations fell 3 points to 1%.
- A net 12% expect to be better off this time next year, down another 3. While not negative, this is an unusually low reading outside a recession.
- Households are evenly divided on whether it is a good or a bad time to buy a major household item, which is up 6 points. This is the best retail indicator in the survey.
- Perceptions regarding the next year's economic outlook bounced 8 points to -20%, still a very low level. The five-year outlook fell another point to -1%. It's very unusual for this series to be negative.
- House price inflation expectations fell 0.6%pts to 5.3%. They rose in Canterbury, but fell everywhere else.
- CPI inflation expectations ticked down -0.1%pts from 5.7% to 5.6%, still super strong. Cost of living increases are likely contributing to wariness about splurging this Christmas.

Households' response to whether it was a good time to buy a major household item skyrocketed in Wellington but remains subdued elsewhere (figure 2). Those 50+ are the most comfortable spending, which isn't unusual (figure 3).

Households' real spending power is under assault from inflation. Job security is excellent, with the labour market so tight, but most people will be nonetheless finding it harder to make ends meet, given CPI inflation is running around 5% (and still rising). At the same time, the balance sheet boosts to homeowners of ever-rising house prices are fading fast, making it harder to justify that new car. And hanging over everything is the dark cloud of COVID – we have done a great job to get the double-dosed population as high as it is, but the Omicron variant has abruptly moved the finish line to three doses.

Figure 2. Good time to buy a major household item by region

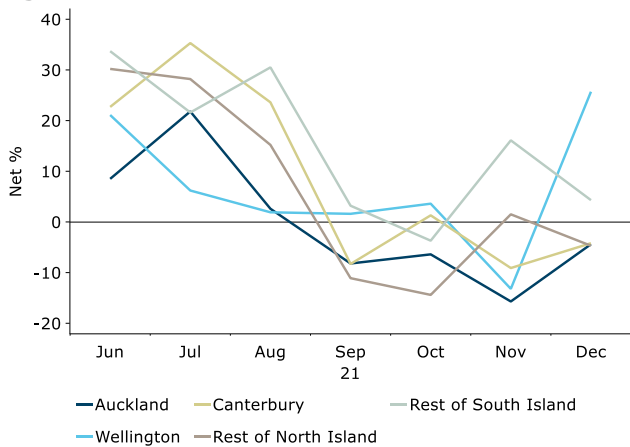
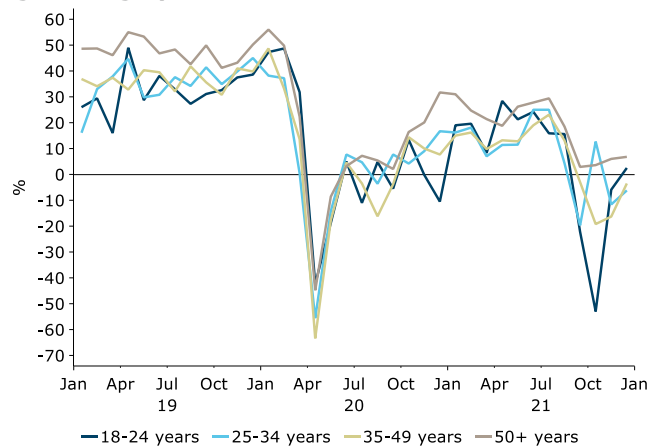


Figure 3. Good time to buy a major household item by age demographic



Source: Roy Morgan, Macrobond, ANZ Research

Our confidence composite gauge is a GDP growth indicator created by combining lagged business expectations and intentions with consumer sentiment. The composite indicator is under pressure and yet to indicate where GDP growth may settle (figure 4).

Figure 5 shows Wellington has the most optimistic consumers after a good bounce this month, while the regions outside of the biggest cities are a bit warier.

Wherever you are in the country, wishing you and yours a wonderful Christmas break.

Figure 4. GDP vs Confidence Composite

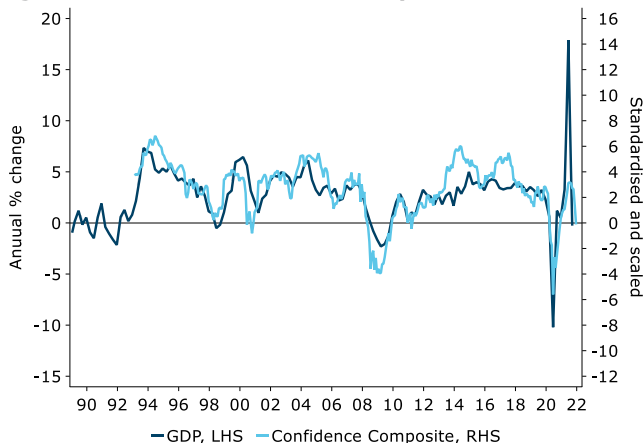
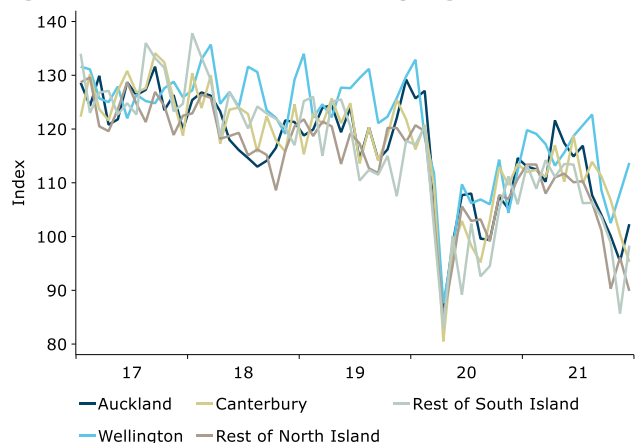


Figure 5. Consumer confidence by region



Source: Roy Morgan, Statistics NZ, Macrobond, ANZ Research



Tables and charts

Survey Summary	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
No. of Interviews	1,001	1,008	1,001	1,005	1,006	1,000	1,004	1,009

Q1. Would you say you and your family are better off financially or worse off than you were at this time last year?

Better Off	31	35	35	34	31	28	32	31
Worse Off	24	21	27	23	25	31	28	30
Net Balance	7	14	8	12	7	-3	4	1

Q2. This time next year do you and your family expect to be better off financially or worse off than you are now?

Better Off	43	40	42	42	41	41	39	37
Worse Off	16	18	19	20	17	21	24	25
Net Balance	27	22	23	22	24	20	15	12

Q3. Thinking of economic conditions in New Zealand as a whole, in the next 12 months, do you expect we'll have good times financially, bad times or some good and some bad?

Good Times	26	28	28	27	20	18	18	20
Bad Times	26	25	30	31	33	43	47	40
Net Balance	-1	3	-2	-5	-13	-25	-28	-20

Q4. Looking ahead, what would you say is more likely: that in New Zealand as a whole we'll have continuous good times during the next five years or so, we'll have bad times, or some good and some bad?

Good Times	34	29	31	30	32	28	25	24
Bad Times	16	19	19	23	20	24	27	26
Net Balance	18	10	12	7	12	4	-2	-1

Q5. Generally, do you think now is a good time, or a bad time, for people to buy major household items?

Good Time to Buy	45	50	51	44	35	36	37	40
Bad Time to Buy	27	28	27	31	42	42	42	40
Net Balance	19	22	24	13	-7	-7	-6	0

Q6. During the next 2 years do you think that prices in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?

Go Up	84	88	87	89	86	88	91	89
Go Down	2.8	1.7	1.9	3.0	2.0	2.5	1.2	2.3
Expectation (%)	4.4	5.1	4.9	5.1	5.1	6.2	5.7	5.6

Q7. Specifically thinking about the price of houses during the next 2 years, do you think that the price of houses in general will go up, go down, or stay where they are now? And if up, what is the expected percentage per year?

Go Up	74	74	77	74	72	75	72	68
Go Down	9.8	7.5	7.2	7.6	7.9	6.7	9.6	11.4
Expectation (%)	5.9	5.8	6.4	6.3	6.1	6.7	5.9	5.3

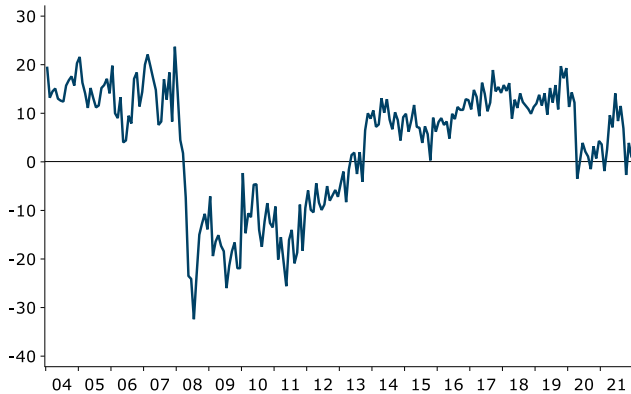
ANZ Roy Morgan Consumer Confidence Rating (100 plus the unweighted average of the net balances of Q1-5)

Overall Index	114.0	114.1	113.1	109.6	104.5	98.0	96.6	98.3
Current Conditions	112.9	117.9	116.1	112.0	100.1	95.4	99.2	100.5
Future Conditions	114.7	111.7	111.0	108.0	107.4	99.7	94.9	96.8

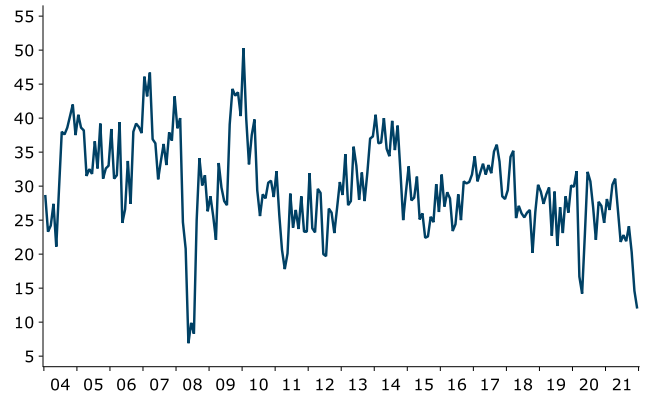


Tables and charts

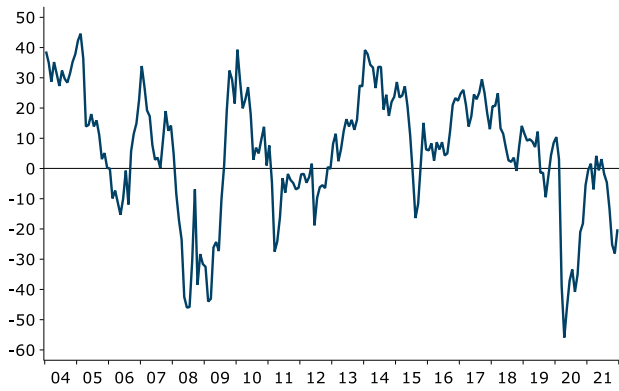
Q1. Better off past year



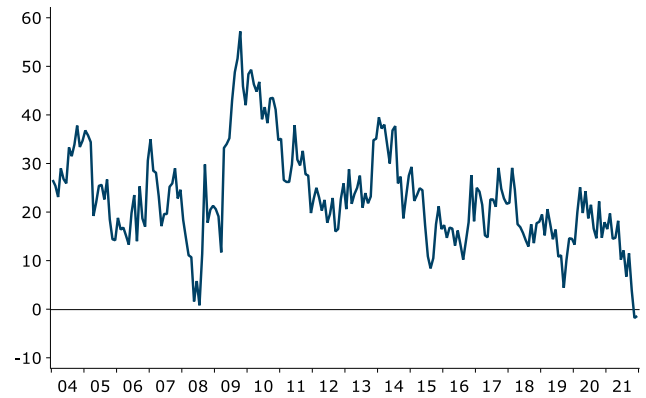
Q2. Better off next year



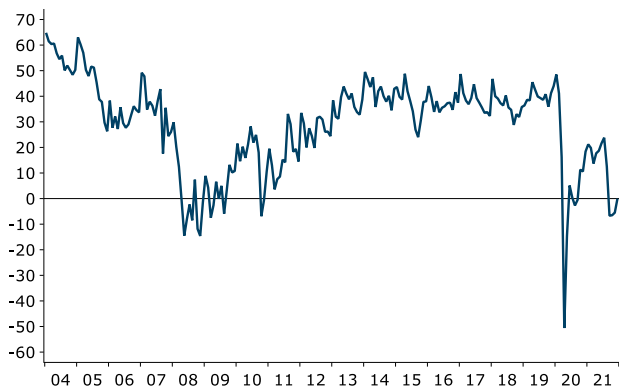
Q3. NZ economy 12 months' time



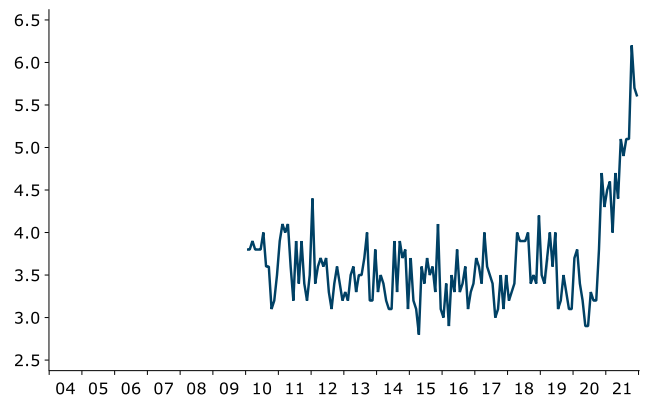
Q4. Outlook 5 years ahead



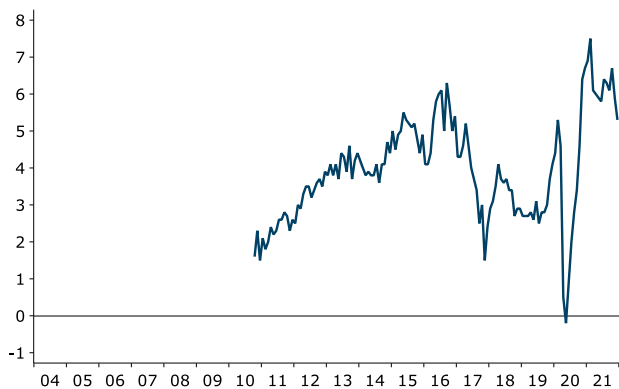
Q5. Buy major household item



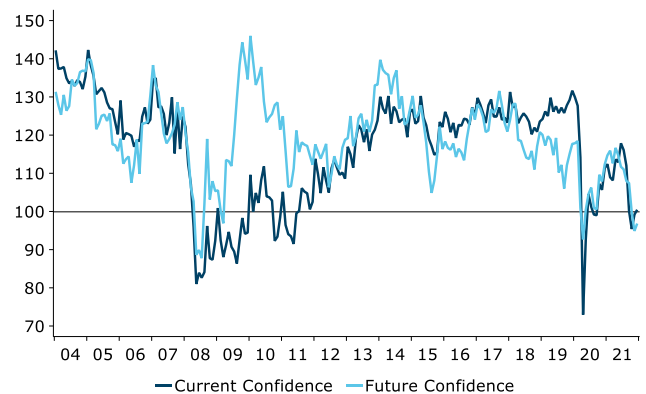
Q6. Inflation expectations



Q7. House price inflation expectations



Current vs future conditions



Source: Roy Morgan, Macrobond, ANZ Research



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Last updated: 15 October 2021

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